

TAB

*BEST COPY
Available*

GAA 3-19-51 (Special)
NS SAVANNAH

CONTRACT MA-1889

SERVICE AGREEMENT FOR THE OPERATION OF THE NS SAVANNAH

THIS AGREEMENT, made as of September 2, 1958, between the UNITED STATES OF AMERICA (herein called the "United States"), acting by and through the DEPARTMENT OF COMMERCE, MARITIME ADMINISTRATION, and STATES MARINE CORPORATION OF DELAWARE, a corporation organized and existing under the laws of the state of Delaware (herein called the "General Agent"), and having its principal place of business at 90 Broad Street, New York, New York.

W I T N E S S E T H

WHEREAS, the NS SAVANNAH (hereinafter called the "Vessel") is a nuclear-powered merchant vessel presently under construction, the testing and operation of which involves certain unique services, and the United States accordingly desires to enter into a modified form of the Administration's General Agency Agreement for the operation of Government-owned merchant vessels (GAA 3-19-51) with the General Agent, and

WHEREAS, the General Agent has been fully advised that the handling of the Vessel will involve special testing and operational problems, and is willing to accept the appointment as General Agent under such modified form of General Agency Agreement,

NOW THEREFORE, in consideration of the reciprocal undertakings and promises of the parties herein expressed

ARTICLE 1 APPOINTMENT OF GENERAL AGENT The United States appoints the General Agent as its agent and not as an independent contractor, to manage and conduct the business of the Vessel

ARTICLE 2 ACCEPTANCE OF APPOINTMENT The General Agent accepts the appointment and undertakes and promises so to manage and conduct the business of the Vessel for the United States, in

Approved For Release 2004/03/25 : CIA-RDP64B00346R000400040017-0
accordance with such directions, orders or regulations of the United States
with this Agreement as the United States has prescribed, or from time
to time may prescribe, and upon the terms and conditions herein pro-
vided

ARTICLE 3. DUTIES OF THE GENERAL AGENT (a) For the ac-
count of the United States, in accordance with such directions, orders,
regulations forms and methods of supervision and inspection as the
United States may from time to time prescribe (or in the absence of
such directions, orders, regulations, forms and methods of supervision
and inspections, in accordance with reasonable commercial practices and/
or the use of customary commercial forms) in an economical and efficient
manner, and exercising due diligence to protect and safeguard the inter-
ests of the United States in connection with the duties prescribed in
this Agreement and without prejudice to its rights under Article 6
hereof, the General Agent (solely as agent of the United States and
not in any other capacity) shall:

(1) Conduct the business of the Vessel including, but not
limited to, all matters with respect to voyages, cargoes, mail, pas-
sengers, persons to be carried, charters, rates of freight and charges;
and procure or provide all services incident thereto including, but not
limited to, stevedoring and other cargo handling, port activities,
wharfage and dockage, pilotage, canal transits and services of sub-
agents, brokers and consulates

(2) Operate the nuclear power plant and other machinery under
such conditions and for such purposes (including, but not limited to,
propulsion, generation of heat or electricity, irradiation of materials,
testing of components intended for use in connection with the Vessel or
in connection with other reactors, training of personnel of the General
Agent and others and public information) as the United States may deem
desirable.

(3) Collect, deposit, remit, disburse and account for all
monies due the United States arising in connection with activities under
or pursuant to this Agreement, and to the extent disbursements made by
the General Agent pursuant to this Agreement are recoverable from

Approved For Release 2004/03/25 : CIA-RDP64B00346R000400040017-0
insurance, the General Agent shall take such steps as may be appropriate to effect such recovery for the account of the United States.

(4) Equip, victual, supply and arrange for the repair of the Vessel covering hull, nuclear power plant and other machinery, auxiliary boilers, tackle, apparel, furniture, equipment and spare parts, and including maintenance and voyage repairs and replacements, as may be necessary to maintain the Vessel in an efficient state of repair and condition; and cooperate with representatives of the United States in making any inspections or investigations that the United States may deem desirable.

(5) Procure the Master of the Vessel operated hereunder, subject to the approval of the United States. The United States reserves the right to remove the Master, or require the removal of the Chief Engineer, or any officers or crew members if it shall have reason to be dissatisfied with their conduct or if it considers their employment to be prejudicial to the interests of the United States. The Master shall be an agent and employee of the United States, and shall have and exercise full control, responsibility and authority with respect to the manning, navigation and management of the Vessel, the nuclear power plant, and all source, special nuclear, and by-product material aboard, which is delivered to the Vessel or which is produced in the course of operating the nuclear power plant, provided, however, for the protection of health and the promotion of safety, that the Master shall accept and comply with any requirements, regulations, orders and directions of the United States with respect to the use and operation of the nuclear power plant and the handling of source, special nuclear, and by-product material, insofar as such requirements, regulations, orders and directions do not interfere with the safe navigation and handling of the Vessel. The General Agent shall procure and make available to the Master for engagement by him the officers and men required to meet the requirements of the United States. Such officers and men shall be procured by the General Agent through the usual channels and in accordance with the customary practices of commercial operators

Approved For Release 2004/03/25 : CIA-RDP64B00346R000400040017-0
and upon the terms and conditions of the General Agent's collective bargaining agreements, if any. The procurement of the officers and crew shall be for such period or periods of time as designated by the United States, and shall be subject to whatever security clearances are required by the United States in connection with the operation of the Vessel. The officers and members of the crew shall be subject only to the orders of the Master. Except with respect to the training period covered in Article 3(c) hereof, all such persons shall be paid in the customary manner with funds provided by the United States hereunder.

(6) Issue or cause to be issued to passengers customary passenger tickets and to shippers customary shipping documents, freight contracts and bills of lading. All bills of lading shall be issued by the General Agent or its agents as agent for the Master and the signature clause may provide substantially that the General Agent makes no warranty or representation as to the authority of the United States or the Master to enter into the agreement, and that the General Agent assumes no liability with respect to the goods described therein or the transportation thereof.

(7) Furnish and maintain during the period that the Vessel is assigned and accepted by the General Agent under this Agreement, at its own expense, a bond with sufficient surety in such amount as the United States shall determine, such bond to be approved by the United States as to both sufficiency of surety or sureties and form, and to be conditioned upon the due and faithful performance of all and singular the covenants and agreements of the General Agent contained in this Agreement, including without limitation of the foregoing the condition faithfully to account to the United States for all funds collected and disbursed and funds and property received by the General Agent or its sub-agent. The General Agent may, in lieu of furnishing such bond, pledge direct or fully guaranteed obligations of the United States of the cash value of the penalty of the bond under an agreement satisfactory in form to the United States.

No monies or slop chest property of the United States shall be advanced or entrusted by the General Agent to a Master, purser or any other member of the ship's personnel unless such person is under a bond

Approved For Release 2004/03/25 : CIA-RDP64B00346R000400040017-0

indemnifying the United States against loss of such monies or property caused solely or in part by the dishonesty or lack of care of any such person in the performance of the duties of any position covered by the bond.

(8) For account of the United States under Article 5, the General Agent shall furnish and maintain such other bonds as are required by law or by the written direction of the United States, relating to the services to be performed under this Agreement, such bonds to be submitted to the United States for approval if required.

(9) (1) Keep books, records and accounts (which shall be the property of the United States) relating to the activities, maintenance and business of the Vessel in such form and under such regulations and containing such technical, economic, financial, and other data as may be prescribed by the United States, and (2) file, upon notice from the United States, balance sheets, profit and loss statements, and any other statements of activities, special reports or memoranda of any facts and transactions, as required by the United States, and, whenever the General Agent employs any related, affiliated or holding company of the General Agent to render any services or to furnish any stores, supplies, equipment, provisions, materials or facilities which are for the account of the United States under the terms of this Agreement, the General Agent shall also, as a condition to such employment, obtain from such related or affiliated or holding company its agreement to comply with the requirements aforesaid and to make available to the United States for examination and audit its books, records and accounts, to the extent that such services affect the results, or the performance of transactions or activities under this Agreement.

(10) Select its sub-agents, contractors and suppliers, but any sub-agency agreement, contract or purchase order, to the extent required by the United States, shall be in such form and contain such provisions as the United States may direct, including without limitation, security provisions, non-discrimination clauses, etc., and shall be terminated by the General Agent whenever the United States shall so direct.

(11) Upon termination of this Agreement, turn over to the United States at the time and place to be fixed by the United States, the Vessel and other property of whatsoever kind then in the custody of the General Agent pursuant to this Agreement, and upon such action the United States may collect directly, or by such agent or agents as it may appoint, all freight monies or other debts remaining unpaid, provided that the General Agent shall, if required by the United States, adjust, settle and liquidate the business of the Vessel.

(b) In the event that the Vessel is allocated by the United States for use .

(1) in a service in which another operator (a United States citizen) maintained a berth operation with privately owned United States flag vessels on July 1, 1958, and is recognized by the United States as a regular berth operator in such services, or

(11) in a trade, not served with privately owned United States flag vessels on July 1, 1958, or not served on the date of such allocation by a United States citizen who is deemed by the United States qualified to conduct an efficient berth operation, where the United States deems another operator to be qualified as an operator in such trade,

such regular or other operator, as the case may be, may be designated by the United States as the Berth Agent of the United States to conduct such of the business of the Vessel in such service or trade as the United States may require. During any period while the Vessel is assigned to a Berth Agent, the General Agent shall be under no obligation to perform with respect to such vessel duties which are imposed upon the Berth Agent under the terms of the Berth Agency Agreement prescribed by the United States.

(c) The General Agent shall provide (i) not more than sixteen licensed engineers for special training as required by the United States, until two crews aggregating sixteen men become qualified as operators of

the Vessel's pressurized water nuclear power plant, or until December 31, 1959, whichever period shall be the less; and (ii) beginning on or after March 30, 1959 a group of six licensed deck officers for special training for a period not exceeding twelve months, to qualify three men as deck officers of the Vessel. The costs of the training, exclusive of tuition, under (i), and the costs of the training, exclusive of tuition, under (ii) for a period not to exceed the first three months, shall be borne by the General Agent out of its corporate funds and shall not be reimbursable by the United States and shall include subsistence, lodging, travel, salaries, insurance, pension plan payments, social security contributions and all other financial benefits customarily provided for its personnel by the General Agent.

In the event that any replacements of such trainees shall become necessary under (i) during the training period as set forth in the preceding paragraph, and under (ii) during the first three months of the training period, the General Agent shall provide substituted licensed officers for similar training and shall bear the costs on similar terms for the following periods of time:

In respect of engineers, until they become qualified or for a period not exceeding twelve months after the commencement of their training period, whichever shall be the less

In respect of deck officers, until they become qualified or for a period not exceeding three months after the commencement of their training period, whichever shall be the less

In the event that the United States shall require, in relation to the Vessel, further utilization of such trained personnel subsequent to the minimum periods specified above, all costs relative to them shall be borne by the United States

ARTICLE 4. COMPENSATION. (a) At least once a month the

United States shall pay to the General Agent compensation for the General Agent's services hereunder, and, after redelivery of the Vessel, shall also pay to the General Agent compensation for services required thereafter. To the extent practicable the determination of the compensation to be paid by the United States shall be based upon the same factors and shall take into consideration the same types of expense which are utilized in determining compensation for General Agents under NSA Order No. 47, as amended. Such compensation shall be deemed to cover the General Agent's administrative and general expense (as presently itemized in General Order No. 22, revised, of the Administration) and also fees to sub-agents, branch houses and customs brokers, charges for postage and petties, and communication expenses, in the continental United States, advertising expenses, taxes (other than taxes for which the General Agent is credited under Article 5 hereof), and any other expenses which are not directly applicable to the activities, maintenance and business of the Vessel.

(b) Additional or Substitute Compensation and Reimbursement.

The General Agent shall also be entitled to payment or credit for any service, loss, cost or expense, whether or not specifically provided for, or excepted herein, if and to the extent that such payment or credit is found by the United States in its sole discretion, to be fair and equitable and in accordance with the basic principles or intent of this General Agency Agreement.

ARTICLE 5. DISBURSEMENTS. Except as provided in Article 3(c)

hereof, the United States shall advance funds to the General Agent to provide for, and the General Agent shall receive credit for all expenditures of every kind made by it in performing, procuring or supplying the services, facilities, stores, supplies or equipment as required hereunder, excepting the items of expense as are deemed to be covered by the compensation provided for in Article 4 hereof, provided that the General Agent shall receive credit for sales and similar taxes or foreign taxes of any kind to the extent classifiable as vessel operating expense under said General Order No. 22, revised, if the General Agent shall have used due

diligence to secure immunity from such taxation. The United States shall also advance funds to the General Agent to provide for, and the General Agent shall receive credit for, all crew expenditures accruing during the term hereof in connection with the Vessel, except as provided in Article 3(c) hereof, including, without limitation, expenditures on account of wages, extra compensation, overtime, bonuses, penalties, subsistence, repatriation, internment, travel, loss of personal effects, maintenance and cure, vacation allowances, damages or compensation for death or personal injury or illness, insurance premiums, social security taxes, state unemployment insurance taxes and contributions made by the General Agent to a pension or welfare fund with respect to the period of this Agreement and in accordance with a pension or welfare plan in effect on the effective date of this Agreement or which, pursuant to collective bargaining agreements, may become effective during the period of this Agreement with respect to the officers and members of the crew of the Vessel who are or may become entitled to benefits under such plan, or any other payment required by law.

The United States may deny credit to the General Agent in whole or in part, as the United States may deem appropriate, for payment of expenses which are found to have been made in wilful contravention of any outstanding instructions or which are found to have been clearly improvident or excessive.

Any monies or ship chest property of the United States advanced or entrusted to bonded persons by the General Agent which are lost by reason of a casualty to the Vessel shall, in the event of such loss, be considered an expenditure of the General Agent and credit shall be allowed to the General Agent in accordance with this Article 5.

ARTICLE 6 INSURANCE AND INDEMNIFICATION (a) Except with respect to "public liability" arising out of or resulting from a nuclear incident, as defined in Section 11 (u) of the Atomic Energy Act of 1954, as amended, (hereinafter called the "Atomic Energy Act") concerning which the indemnification provisions of Section 170 of the Atomic Energy Act have been granted to the Maritime Administration by the Atomic Energy Commission (in form as set forth in Appendix "A" hereto) and are

applicable to the General Agent, the United States shall, without cost or expense to the General Agent, procure or provide insurance without deductibles, franchises or average warranties against all insurable risks of whatsoever nature or kind relating to the Vessel including, but without limitation, marine, war and P & I risks, sabotage and all other risks or liabilities for breach of statute and for damage caused to other vessels, persons or property

The General Agent shall furnish reports and information and comply fully with all instructions that may be issued with regard to all salvage claims, damages, losses or other claims. Marine and war risk insurance with respect to the Vessel, against protection and indemnity, general average, salvage and collision liabilities, shall be without limit, as between the United States and the General Agent, as to the amount of any claim or the aggregate of any claims thereunder. The United States at its election may assume all or any of the foregoing risks or may write all or any such insurance in its own fund, pursuant to a duly executed policy or policies. Neither the United States nor the insurance underwriters shall have any right of subrogation against the General Agent with respect to any of the foregoing risks, including risks excluded in subparagraph (a) with respect to "public liability" arising out of or resulting from a nuclear incident. All insurance hereunder shall cover both the United States and the General Agent.

(b) To the extent not covered by insurance or assumed by the United States, as required by section (a) of this Article 6, the United States shall indemnify and hold harmless and defend the General Agent against any and all claims and demands (including costs and reasonable attorneys' fees in defending such claim or demand, whether or not the claim or demand be found to be valid) of whatsoever kind or nature, exclusive of claims and demands arising out of or resulting from a nuclear incident, as defined in the Atomic Energy Act, whether or not such claim or demand is caused by the negligence of the General Agent or the Vessel, and by whomsoever asserted, for injury to persons or property arising out of or in any way connected with the activities, maintenance or business of the Vessel or the performance by the General Agent of any of its obligations hereunder, including, but not limited to, any and all claims

third persons, or other vessels and including but not limited to claims for damages for injury to or loss of property, cargo or personal effects, claims for damages for personal injury or loss of life, and claims for maintenance and cure.

(c) In view of the extraordinary conditions under which the Vessel will be operated hereunder, the General Agent shall be under no responsibility or liability to the United States for loss or damage to the Vessel arising out of any error of judgment or any negligence on the part of any of the General Agent's officers, agents, employees, or otherwise. If, however, such loss or damage is directly and primarily caused by wilful misconduct of principal supervisory shoreside personnel or by gross negligence of the General Agent in the procurement of licensed officers or in the selection of principal supervisory shoreside personnel, the General Agent shall be held liable for such loss or damage unless it is required by this Article 6 to be covered by insurance or assumed by the United States. The liability of the General Agent under this paragraph (c) for any such loss or damage shall in no event exceed the sum of \$500,000.

(d) The General Agent shall be under no liability to the United States of any kind or nature whatsoever in the event that the General Agent should fail to obtain officers or crews for the Vessel, or fail to arrange for the fitting out, refitting, maintenance or repair of the Vessel, or fail to perform any other service hereunder by reason of any labor shortage, dispute or difficulty, or any strike or lockout or any shortage of material or any act of God or peril of the sea or any other cause beyond the control of the General Agent whether or not of the same or similar nature, or should do or fail to do any act in reliance upon instructions of the United States military or naval authorities.

ARTICLE 7. GENERAL AVERAGE In the event of general average involving the Vessel, the General Agent shall comply fully with all instructions issued by the United States in that connection, including instructions as to the appointment of adjuster, obtaining general average security and asserting liens for that purpose unless otherwise instructed.

and supplying the adjuster with all disbursements, accounts, documents and data required in the adjustment, statement and settlement of the general average. Reasonable compensation for and general average allowances to the General Agent in such cases shall be fixed by the adjuster, subject to approval by the United States and paid to and retained by the General Agent.

ARTICLE 8. SALVAGE. Salvage claims for services rendered to vessels other than vessels owned or controlled by the United States shall be handled by, and be under the control of, the United States. Salvage awards for services rendered to other vessels owned or controlled by the United States including the Vessel shall be made by the United States. The General Agent shall furnish the United States with full reports and information on all salvage services rendered.

ARTICLE 9. RELATED SERVICES. (a) Agreements or arrangements with any interested or related company to render any service or to furnish any stores, supplies, equipment, materials, repairs, or facilities hereunder shall be submitted to the United States for approval. Unless and until such agreements or arrangements have been approved by the United States, compensation paid to any interested or related company shall be subject to review and readjustment by the United States. In connection with such review and readjustment, the United States may deny credit hereunder of any portion of such compensation which it deems to be in excess of fair and reasonable compensation. The United States may also deny credit, in whole or in part, of compensation under any arrangement or agreement with an interested or related company which it deems to be exorbitant, extortionate or fraudulent. The term "interested company" shall mean any person, firm or corporation in which the General Agent, or any related company of the General Agent, or any officer or director of the General Agent or any employee of the General Agent who is charged with executive or supervisory duties, or any member of the immediate family of any such officer, director, or employee, or any officer or director of any related company of the General Agent or any member of the immediate family of an officer or director of any related company of the General Agent, owns any substantial pecuniary interest directly or indirectly. The term

that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the General Agent.

The term "control" (including the terms "controlled by" and "under common control with") as used herein means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the General Agent (or related company), whether through ownership or voting securities, by contract or otherwise.

(b) The United States shall, when it may legally do so, have the advantage of any existing, or future, contracts of the General Agent for the purchase or rental of materials, fuel, supplies, facilities, services or equipment, if this may be done without unreasonably interfering with the requirements of other vessels owned or operated by the General Agent provided that any financial loss or disadvantage to the General Agent shall be compensated for in such amount as may be determined by the United States.

(c) Notwithstanding any other provision of this Agreement, the United States, by separate agreement, may contract with the General Agent to perform stevedoring, terminal, ship repair or similar services for the Vessel, in which event the General Agent shall have the rights, benefits and the obligations and responsibilities provided in such agreement.

ARTICLE 10 SECURITY. (a) In the performance of the work under this Agreement the General Agent shall, in accordance with the Administration's and United States security regulations and requirements, safeguard restricted data and other classified matter and protect against sabotage, espionage, loss and theft, the classified documents, materials, equipment, processes, etc., as well as such other material of high intrinsic or strategic value as may be in the General Agent's possession in connection with performance of work under this Agreement. Except as otherwise expressly authorized by the United States, the General Agent shall upon completion or termination of this contract transmit to the United States any such restricted data and other classified matter in the possession of the General Agent or any person under the General Agent's

(b) The General Agent agrees to conform to all security regulations and requirements of the Administration and the Atomic Energy Commission.

(c) The term "Restricted Data," as used in this Article 10, means all data concerning (i) design, manufacture, or utilization of atomic weapons; (ii) the production of special nuclear material; or (iii) the use of special nuclear material in the production of energy, but shall not include data declassified or removed from the Restricted Data category pursuant to Section 142 of the Atomic Energy Act.

(d) Except as the United States may authorize, in accordance with the Atomic Energy Act, the General Agent shall not permit any individual to have access to Restricted Data until the designated investigating agency shall have made an investigation and report to the United States on the character, association, and loyalty of such individual and the United States shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security. As used in this paragraph, the term "designated investigating agency" means the United States Civil Service Commission or the Federal Bureau of Investigation or both, as determined pursuant to the provisions of the Atomic Energy Act.

(e) It is understood that disclosure of information relating to the work or service ordered hereunder to any person not entitled to receive it, or failure to safeguard any Restricted Data or any top secret, secret, or confidential matter that may come to the General Agent or any person under the General Agent's control in connection with work under this Agreement, may subject the General Agent or his agents, employees, and subcontractors to criminal liability under the laws of the United States. (See the Atomic Energy Act of 1954, 68 Stat. 919. See also Executive Order 10104 of February 1, 1950, 15 F.R. 697.)

ARTICLE 11. FEES. The General Agent warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide

established commercial or selling agencies maintained by the General Agent for the purpose of securing business. For breach or violation of this warranty, the United States shall have the right to annul this Agreement without liability, or in its discretion to deduct from amounts payable hereunder the amount of such commission, percentage, brokerage, or contingent fee.

ARTICLE 12. PROHIBITION AGAINST DISCRIMINATION IN EMPLOYMENT.

(a) In connection with the performance of the contract work, the General Agent agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provisions shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment, or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training; including apprenticeship. The General Agent agrees to post hereafter in conspicuous places, available for employees or applicants for employment, notices to be provided by the representative of the United States setting forth the provisions of this nondiscrimination article.

(b) The General Agent further agrees to insert the foregoing provisions in all subcontracts hereunder, except (i) subcontracts for standard commercial supplies or raw materials, (ii) subcontracts to be performed outside the United States where no recruitment of workers within the United States is involved, (iii) purchase orders on pocketsize forms similar to U.S. Standard Form 44, and (iv) subcontracts to meet other special requirements or emergencies, if recommended by the Committee on Government Contracts. In the case of purchase orders hereunder which do not exceed \$5,000. the last sentence of paragraph (a) may be omitted.

ARTICLE 13. OFFICIALS NOT TO BENEFIT NOR BE EMPLOYED. No Member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this Agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this Agreement if made with a corporation for its general benefit. No Member of or Delegate to Congress, or Resident Commissioner, shall be employed by the General Agent, either with or without compensation, as an attorney, agent, officer, or director.

RECORDS. (a) The General Agent agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under this contract, have access to and the right to examine any directly pertinent books, documents, papers, and records of the General Agent involving transactions related to this Agreement.

(b) The General Agent further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under the subcontract, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor, involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (i) purchase orders not exceeding \$1,000 and (ii) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

ARTICLE 15. TERMINATION. (a) The United States shall have the right to terminate this Agreement at any time upon fifteen (15) days' written or telegraphic notice unless action is required at an earlier date to protect the interest of the United States.

(b) The General Agent shall have the right to terminate this Agreement only with the written consent of the United States. However, unless otherwise agreed, termination during the period of operation shall not become effective as to the Vessel until her arrival and discharge at a continental United States port.

(c) No such termination of this Agreement shall relieve either party of liability to the other in respect of matters arising prior to the date of such termination or of any obligation hereunder to indemnify the other party in respect of any claim or demand thereafter asserted, arising out of any matter done or omitted prior to the date of such termination.

(d) This Agreement may be modified or amended at any time by

ARTICLE 16. DURATION OF AGREEMENT. This Agreement is effective as of the day and year above written, and subject to the provisions of Article 17, shall extend for a period of seven years unless otherwise agreed.

ARTICLE 17. ANNUAL REVIEW. This Agreement shall be reviewed annually by the Secretary of Commerce for the purpose of determining whether conditions exist which would justify its continuance. In the event it is determined that such conditions do not exist, the Agreement may be terminated by the United States pursuant to Article 15(a).

ARTICLE 18. INVENTIONS AND DISCOVERIES ASSOCIATED WITH THE NUCLEAR POWER PLANT. (a) Whenever any invention or discovery is made or conceived by the General Agent or its employees who perform any part of the work related to the nuclear power plant in the course of, in connection with, or under the terms of this Agreement, the General Agent shall furnish the United States with complete information thereon; and the United States shall have the sole power to determine whether or not and where a patent application shall be filed, and to determine the disposition of the title to and rights under any application or patent that may result. The judgment of the United States on these matters shall be accepted as final, and the General Agent, for itself and for its employees, agrees that the inventor or inventors will execute all documents and do all things necessary or proper to carry out the judgment of the United States.

(b) No claim for pecuniary award or compensation under the provisions of the Atomic Energy Acts of 1946 and 1954, as amended, shall be asserted by the General Agent or its employees with respect to any invention or discovery made or conceived in the course of, in connection with, or under the terms of this Agreement.

(c) Except as otherwise authorized in writing by the United States the General Agent will obtain patent agreements to effectuate the purposes of paragraphs (a) and (b) of this Article 18 from all technical and managerial personnel who perform any part of the work under this Agreement, or who have access to technical data.

(d) Except as otherwise authorized in writing by the United

to the nuclear power plant and materials, provisions making this Article
applicable to the subcontractor, supplier, or sub-agent, as the case may
be, and to its employees.

**ARTICLE 19. RIGHTS OF GOVERNMENT WITH RESPECT TO ENGINEERING
AND DESIGN DATA FURNISHED BY THE GENERAL AGENT.** All engineering and de-
sign data and other documents, data, or information or whatsoever nature
developed by the General Agent in the performance of this Agreement,
shall be the sole property of the United States, and the United States
(except as provided in Article 18) shall have full right to use the same
in such manner as the United States may deem proper, including without
limitation of the generality of the foregoing, the right to make repro-
ductions and copies, the right to publish, or to withhold from publica-
tion and the right to make alterations, additions thereto, or other
changes. The General Agent shall have no property in/or right to use
any design or engineering data furnished to the General Agent by the
United States except that, unless prohibited by provisions of law re-
lating to the national defense or security the General Agent shall be
permitted to retain copies or duplicates thereof for its own office
records.

ARTICLE 20. RENEGOTIATION. This Agreement shall be deemed to
contain all the provisions required by Section 104 of the Renegotiation
Act of 1951.

The contractor (which term as used in this sentence means the
party contracting to perform the work or furnish the materials required
by this Agreement) shall, in compliance with said Section 104, insert the
provisions of this Article in each subcontract and purchase order made or
issued in carrying out this contract.

ARTICLE 21. DELEGATION OF AUTHORITY. Wherever and whenever
herein any right, power or authority is granted or given to the United
States, such right, power or authority may be exercised in all cases by
such agent or agents as the United States shall designate, and the
General Agent shall be notified in writing as to such designation. The

act or acts of such agent or agents, when taken shall constitute the act
Approved For Release 2004/03/25 : CIA-RDP64B00346R000400040017-0
of the United States hereunder, and in performing its services hereunder,
the General Agent may rely upon the instructions and directions of such
agent or agents. Wherever practicable, instructions and directions to
the General Agent shall be in writing and oral instructions or directions
given shall be confirmed promptly in writing. No directions, orders or
regulations shall have retroactive effect without the written consent of
the General Agent.

IN WITNESS WHEREOF, the UNITED STATES OF AMERICA, represented
as aforesaid, has caused this Agreement to be executed on its behalf in
five counterparts the 9 day of March 1959, and STATES
MARINE CORPORATION OF DELAWARE has caused this Agreement to be executed
on its behalf in five counterparts the 9 day of March, 1959.

ATTEST:

UNITED STATES OF AMERICA
BY: DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

James L. Simpson
Secretary

BY: Clarence S. Moore
Maritime Administrator

ATTEST:

STATES MARINE CORPORATION OF DELAWARE

BY: E. A. Terres

CORPORATE SEAL

APPROVED AS TO FORM:

E. H. Deaver
for the Administration

APPENDIX "A"

"11. NUCLEAR HAZARDS INDEMNITY:

This Article 11 is incorporated into this Agreement pursuant to the authority contained in subsections D and L, and 1 of section 170 of the Atomic Energy Act of 1954, as amended, (hereafter referred to as "the Act").

A. The definitions set out in the Act shall apply to this Article 11.

B. As used in this Article 11, the term "contract location" means the Vessel, any Commission facility, installation or site at which contractual activity under this Agreement is being carried on, and any facility, installation, or site owned or controlled by the Administration or the General Agent at which the Administration or the General Agent is engaged in the performance of contractual activity under this Agreement.

C. Except as hereafter permitted or required in writing by the Commission, the Administration and the General Agent will not be required to provide or maintain, and will not provide or maintain at Commission expense any form of financial protection to cover public liability. The Commission may at any time require in writing that the Administration or the General Agent provide and maintain financial protection of such a type and in such amount as the Commission shall determine to be appropriate to cover public liability arising out of or in connection with the contractual activity, provided that the costs of such financial protection will be reimbursed to the Administration by the Commission.

D. To the extent that the Administration and other persons indemnified are not compensated by any financial protection permitted or required by the Commission, the Commission will indemnify the Administration and other persons indemnified:

(1) with respect to occurrences within the United States, against (a) claims for public liability arising out of or in connection with the contractual activity; and (b) the reasonable costs of investigating and settling claims and defending suits for damage for such public liability.

*Article 11 of the Inter-Agency Agreement between the Maritime Administration (called the "Administration") and the U. S. Atomic Energy Commission (called the "Commission"), dated as of September 2, 1958.
Approved For Release 2004/03/25 : CIA-RDP64B00346R000400040017-0

against (a) claims for public liability arising from a nuclear incident in connection with the design, development, construction, operation, repair, maintenance or use of the Vessel; and (b) the reasonable costs of investigating and settling claims and defending suits for damage for such public liability.

Provided, that the Commission's liability under all indemnity agreements entered into by the Commission under Section 170 of the Act, including this Agreement, shall not exceed \$500 million, including such reasonable costs, in the aggregate for each nuclear incident, without regard to the number of persons indemnified in connection with this Agreement.

E. Public liability shall not be deemed to arise out of or in connection with the contractual activity unless it arises out of or results from a nuclear incident which:

(1) takes place at a contract location, or

(2) takes place at any other location and arises out of or in the course of the performance of contractual activity under this Agreement by the Administration's (or the General Agent's) employees, individual consultants, borrowed personnel or other persons for the consequence of whose acts or omissions the Administration or the General Agent is liable, provided that such incident is not covered by any other indemnity agreement entered into by the Commission pursuant to Section 170 of the Act;

(3) arises out of or in the course of transportation of source, special nuclear, or by-product materials to or from a contract location; provided such incident is not covered by any indemnity agreement entered into by the Commission with the transporting carrier, or with a carrier's organization acting for the benefit of the transporting carrier, or with a licensee of the Commission, pursuant to Section 170 of the Act;

(4) involves items (such as equipment, material, facilities, or design or other data) produced or delivered under this Agreement, provided such incident is not covered by any other indemnity agreement entered into by the Commission pursuant to Section 170 of the Act.

Public liability shall not be deemed to arise from a nuclear incident in connection with the design, development, construction, operation, repair,
Approved For Release 2004/03/25 : CIA-RDP64B00346R000400040017-0

maintenance or use of the Vessel unless it arises from a nuclear incident which is of the types specified in clauses (1) through (4) above.

F. When the Commission shall determine that the Government will probably be required to make indemnity payments under the provisions of Section D above, the Commission shall have the right to, and shall, collaborate with the Administration, the General Agent and any other person indemnified in the settlement or defense of any claim and shall have the right (1) to require the prior approval of the Commission for the payment of any claim that the Commission may be required to indemnify hereunder, and (2) to appear through the Attorney General on behalf of the Administration, the General Agent or other person indemnified in any action brought upon any claim that the Commission may be required to indemnify hereunder, take charge of such action, and settle or defend any such action. If the settlement or defense of any such action or claim is undertaken by the Commission, the Administration and the General Agent shall furnish all reasonable assistance in effecting a settlement or asserting a defense.

G. The indemnity provided by this Article 11 shall not apply to public liability arising out of or in connection with any activity that is performed at a licensed facility, and that is covered by a Commission indemnity agreement authorized by Section 170 of the Act.

H. The obligations of the Commission under this Article 11 shall not be affected by any failure on the part of the Administration or the General Agent to fulfill its obligation under this Agreement, and shall be unaffected by the death, disability or termination of existence of the Administration or the General Agent or by the completion, termination or expiration of this Agreement.

I. The parties to this Agreement enter into this Article 11 upon the condition that this Article may be amended at any time by the mutual written agreement of the Commission and the Administration and that such amendment may, by its express terms, provide that it will apply to any nuclear incidents which occur thereafter.

J. The provisions of this Article shall not be limited in any way by, and shall be interpreted without reference to, any other Article of this

Agreement; provided, that any provision herein and any provision later added to this Agreement which, under applicable Federal law including statutes, Executive Orders and regulations, is required to be included in agreements of the type contained in this Article, shall apply to this Article.


K. The Administration may take such steps as it deems necessary to assure the General Agent that neither the Administration, the Commission nor the insurance underwriters, if any, shall have any right of subrogation against the General Agent with respect to any of the foregoing risks."

USCOMM-MA-DC

I, W. J. RYAN, certify that I am the duly chosen, qualified, and Acting Assistant Secretary of States Marine Corporation of Delaware a party to this Agreement, and, as such, I am the custodian of its official records and the minute books of its governing body; that

E. A. TERRES

who signed this Agreement on behalf of said corporation, was then the duly qualified Vice President of said corporation; that said officer affixed his manual signature to said Agreement in his official capacity as said officer for and on behalf of said corporation by authority and direction of its governing body duly made and taken; that said Agreement is within the scope of the corporate and lawful powers of this corporation.


Assistant Secretary

(CORPORATE SEAL)

SECRETARY'S CERTIFICATE

W. J. RYAN, Assistant Secretary of States Marine Corporation of Delaware, a corporation duly organized and existing under the laws of the State of Delaware, and having its principal place of business in New York, hereby certifies that the following is a true copy of a Resolution duly adopted by the Board of Directors of the said corporation and recorded in the Minutes of a meeting of the said Board at which a quorum was present, duly held on January 26, 1959, and not subsequently rescinded or modified:

RESOLVED, that E.A. TERRES, Vice President of this corporation, be and he hereby is authorized to sign on behalf of the corporation a Service Agreement between this corporation and the United States Government for the operation of the N.S. SAVANNAH, which Agreement is designated as Number MA 1889.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the said corporation this 30th day of January, 1959.


Assistant Secretary.

CORPORATE SEAL: